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C O N F I D E N T I A L SECTION 01 OF 02 TUNIS 000339

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SUBJECT: TUNIS AMERICAN SCHOOL UPDATE

REF: TUNIS 305 AND PREVIOUS

Classified By: Ambassador Robert F. Godec for reasons 1.4 (b) and (d)

SUMMARY

¶1. (C) In a meeting with the Ambassador, the Minister of State Properties and Real Estate emphasized that it should be easy to reach a solution at the working level to the American Cooperative School of Tunis (ACST) lease issue. There has been no other explicit reaction from the GOT in the two weeks since the Ambassador delivered the non-paper outlining the agreement in principle on tax and status pending resolution of the lease issue. In the meantime, ACST celebrated its 50th anniversary with a strong show support from the US Mission, international community and the African Development Bank (AfDB) but the noticeable absence of any the Tunisian officials invited. The school has also announced a 22 percent tuition hike and other fee increases in preparation for the proposed July 1 implementation date of the new fiscal regime. End summary.

MINISTER OF STATE PROPERTIES AND REAL ESTATE

¶2. (C) In response to a request pending for several weeks, the Ambassador met on June 3 with Minister of State Properties and Real Estate Ridha Grira. Minister Grira is a highly-qualified technocrat trained in France who served for ten years as Secretary General of the Government, overseeing financial transactions and budget allocations to all the ministries. He has been Minister since 2002 and remained in place after the 2008 cabinet reshuffle.

¶3. (C) The meeting between the Ambassador, accompanied by the ACST Board President, and Minister Grira was amiable and relaxed. After the usual pleasantries, the Ambassador raised the issue of the school's lease which had been called into question in a letter in the Minister's name. The Minister appeared not to be aware of the details of the GOT-USG negotiations or the non-paper. In his comments, the Ambassador emphasized the importance of the school to the USG and the community at large, noting that over 40 Tunisians and the nationals of 67 other countries attend the school. The school, he said, is an important asset for Tunisia. The Minister downplayed his letter as a "certainly not an affair of state," but rather one of many such routine reviews. At the Minister's suggestion, the ACST Board President will seek a meeting with the Director General responsible for the dossier.

¶4. (C) The Ambassador also raised the question of a donation or symbolic sale of the land to the school. While not

dismissing the notion out of hand, the Minister said he was unsure whether the legal framework would allow such a transaction, but he would look into it. The meeting ended cordially with the Minister walking the Ambassador to the street.

SHOW OF SUPPORT FOR ACST'S 50TH

15. (C) ACST's 50th anniversary celebration on May 28 drew about 500 people from the school community plus returning alumni and former staff. There was a strong showing from the diplomatic corps with about a dozen chiefs of mission or deputies including Canada, Germany, the UK, Romania, Poland, Finland, Iraq, Saudi Arabia, the Arab League, and UNICEF. While the Ministers of Foreign Affairs, Finance, Education and Public Lands were invited along with lower-level MFA and MOF officials, there was no GOT representation. Ambassador Godec, the German Ambassador and the Special Assistant to the President of the AfDB all delivered strong messages of support for the school and its importance to the USG, the diplomatic and international community and international organizations like the AfDB. There was a small press presence but no coverage has been noted to date.

ACST RAISES TUITION AND FEES

16. (SBU) ACST's Board of Governors finalized early last week a plan to implement a combination of cost-cutting

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measures and increased fees to adapt to the proposed new fiscal status due to take effect on July 1. Applied without any cost-cutting measures, the implementation of the new fiscal regime would have resulted in a 37 percent increase in operating expenses. On May 29, ACST's Director and Board President briefed visibly relieved faculty and staff on the impact of the plan on them: canceling a planned raise, limited layoffs through attrition, general cuts in operational and capital spending and scaling back some programs.

17. (SBU) Also on May 29, a letter went out to all parents describing the steps taken and the new fee schedule. Under the plan, annual tuition for high school will increase from \$16,380 to \$19,985 (22 percent), the annual capital fee will increase from \$805 to \$1,600 (99 percent) and the one-time registration fee for new students will increase from \$5,500 to \$9,600 (75 percent). The combined net increase (tuition and capital fee) for a current high school student will \$4,400 per year. The increase in the capital fee and a portion of the registration fee will more cover the one-time settlement of tax arrears, payable over five years without interest. The entire tuition increase and most of the registration fee increase will go to fund new operating costs, mostly increased salaries and benefits in order to maintain the same net pay to employees under the new tax regime. Despite the increases, fees remain comparable to other American schools in the region.

19. (SBU) As expected, some parents have reacted strongly to the increase in fees, especially some AfDB parents who pay 20 percent of school fees and those who pay 100 percent out-of-pocket. Most parents, however, seem resigned to the fact that there is no alternative to raising fees and moving forward. Enrollment numbers for next year remain at a record high of 580 students. The upcoming regularly scheduled June 9 meeting of the ACST Board, the last such meeting of the academic year, will provide an opportunity to gauge the strength of parent reaction.
Godec